

M/019/005

** TRANSMIT CONFIRMATION REPORT **

Journal No. : 004
Receiver : 9310294
Transmitter : DIV OIL GAS & MINING
Date : Sep 14, 89 12:12
Document : 09 pages
Time : 05'03"
Mode : G3 NORMAL
Result : OK



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Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

Date: Sept. 14-1989

Time _____

Number of Pages to Follow: 8

TO:

Oliver Lusk

Phone:

531-8468

FROM:

Holland Shepherd

Minerals Reclamation and Development Program

Phone:

(801) 538-5340

SUBJECT:

self bond qualification sheet and
self bond indemnity agreement -

REMARKS:

MN9/60

NONCOAL
(July 1989)

Mine _____
Permit No. _____
Date _____
Checked By _____

SELF BONDING QUALIFICATION SHEET

Applicant required to meet one of the following criteria:

1. Current rating for most recent bond issuance
("A" or higher) (Moody's Investor Service or
Standard and Poor's Corporation) _____

or

2. A. Tangible Net Worth = (at least \$10 Million)
(Net worth minus intangibles [Goodwill and
rights to patents or royalties]) _____ \$

B. Total Liabilities/Net Worth
(2.5 times or less) = _____

C. Current Assets/Current Liabilities
(1.2 times or greater) = _____

Reference: _____

or

3. A. Fixed assets in the United States
(at least \$20 million) = _____ \$

B. Total Liabilities/Net Worth
(2.5 times or less) = _____

C. Current Assets/Current Liabilities
(1.2 times or greater) = _____

Reference: _____

Has the operator been in continuous operation of not less than five (5)
years (immediately preceding the time of application) (submitted five
annual reports)?

Yes _____ No _____

Has the operator furnished financial statements prepared by an
independent certified public accountant in conformity with generally
accepted accounting principles?

Yes _____ No _____

Has the operator furnished unaudited financial statements for
completed quarters in the current fiscal year?

Yes _____ No _____

Has the operator supplied other useful information for determining
financial qualifications?

Yes _____ No _____

(February 1986)

NONCOAL

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203
(801) 538-5340

SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement (hereinafter referred to as "Agreement") entered into by _____ and the state of Utah, Department of Natural Resources, Board of Oil, Gas and Mining (hereinafter referred to as "Board"),

WITNESSETH

WHEREAS, _____ has obtained Permit No. _____ from the Division of Oil, Gas and Mining to operate the _____ Mine in _____ County, Utah as a(n) _____ mine under the Mined Land Reclamation Act, Utah Code Annotated, 40-8-1 et seq, 1953, as amended ("Act") and implementing regulations; on the premises specifically described in EXHIBIT A; and

WHEREAS, _____ wishes to obtain a bond to operate a(n) _____ mine under Permit No. _____ under 40-8-14(3); and

WHEREAS, _____ has designated

(Name, Title, Address)

as its agent for Service of Process in the state of Utah, and

WHEREAS, _____ has been in continuous operation as a business entity for the last five years; and

WHEREAS, _____ meets financial criteria for self bonding (as shown in the attached financial sheet); and

WHEREAS, _____ has submitted to the Division of Oil, Gas and Mining and Board financial statements which are accompanied by an audit opinion prepared by _____

(Accountant's Name)

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, _____ does hereby agree to be held and bonds to the Board for the sum of _____ for the timely performance of reclamation responsibilities for _____ Mine, Permit No. _____ in lawful money of the United States. By the submission of this Agreement, _____ will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

1. _____ shall perform all duties and fulfill all requirements applicable to reclamation as set forth in the Act, the regulations adopted pursuant to

WHEREAS, _____ has been in continuous operation as a business entity for the last five years; and

WHEREAS, _____ meets financial criteria for self bonding (as shown in the attached financial sheet); and

WHEREAS, _____ has submitted to the Division of Oil, Gas and Mining and Board financial statements which are accompanied by an audit opinion prepared by _____
(Accountant's Name)

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, _____ does hereby agree to be held and bonds to the Board for the sum of _____ for the timely performance of reclamation responsibilities for _____ Mine, Permit No. _____ in lawful money of the United States. By the submission of this Agreement, _____ will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

1. _____ shall perform all duties and fulfill all requirements applicable to reclamation as set forth in the Act, the regulations adopted pursuant to

the Act and the conditions of the permit to conduct
_____ mining operations, Permit
No. _____ issued by the Division.

2. The liability under the Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for Permit No. _____ for a period of time and in the manner specified in the Act, regulations adopted pursuant thereto, and the conditions set forth in Permit No. _____ issued by the Division. At no time shall the liability or responsibility of _____ hereunder exceed the sum of _____. Provided, however, that the Board may adjust the amount of liability hereunder as provided in Section 6 hereof.
3. _____ does hereby agree to indemnify and hold the Board harmless from any claim, demand, liability costs, charge or suit brought by a third party, as a result of _____ failure to abide by the terms and conditions of the Reclamation Plan as set forth in the mining Permit No. _____ and from any failure to comply with the terms of the Agreement.
4. The Board shall give _____, or its designated agent herein, notice of any claim and any legal proceedings within the scope of the indemnity set forth at Section 3.

5. Upon successful completion of part or all of the obligations secured hereby, _____ may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division of Oil, Gas and Mining shall conduct an inspection to ascertain whether duties and obligations of _____ under the Act, regulations adopted pursuant thereto and Permit No. _____ have been fulfilled. If such duties and obligations have been fulfilled, the Board shall release _____ from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of _____ County, Utah.
6. This Agreement shall be reviewed periodically by the Division of Oil, Gas and Mining, or reviewed upon petition by _____ in accordance with the Act and implementing regulations and the amount of liability under this Agreement may be adjusted if the Division determines that the cost of future reclamation has materially changed.
7. This Agreement may be terminated upon 90 days prior written notice to the Board if terminated by _____ or upon 90 days prior written notice to _____ if terminated by the Board.

5. Upon successful completion of part or all of the obligations secured hereby, _____ may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division of Oil, Gas and Mining shall conduct an inspection to ascertain whether duties and obligations of _____ under the Act, regulations adopted pursuant thereto and Permit No. _____ have been fulfilled. If such duties and obligations have been fulfilled, the Board shall release _____ from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of _____ County, Utah.
6. This Agreement shall be reviewed periodically by the Division of Oil, Gas and Mining, or reviewed upon petition by _____ in accordance with the Act and implementing regulations and the amount of liability under this Agreement may be adjusted if the Division determines that the cost of future reclamation has materially changed.
7. This Agreement may be terminated upon 90 days prior written notice to the Board if terminated by _____ or upon 90 days prior written notice to _____ if terminated by the Board.

Upon such written notification, _____
will have 90 days to obtain an alternate form of bond
satisfactory to the Division to secure reclamation
obligations for Permit No. _____ in the same amount
as stated herein and amendments thereto.

8. Failure to provide a satisfactory alternative form of bond
will result in the complete cessation of all mining
operations and the complete reclamation of all disturbed
areas within the _____ Mine permit area.
9. Any breach of the provisions of paragraph #8 of this
agreement will result in the payment of \$ _____
(bond amount) in liquidated damages to the Division.
10. This agreement will be governed and interpreted according
to Utah law.

SO AGREED this _____ day of _____,

19____.

COMPANY NAME

Date

By _____
Corporate Officer - Position

Date

By _____
Corporate Officer - Position

Chairman
Board of Oil, Gas and Mining

Date

By _____
Gregory P. Williams

APPROVED AS TO FORM:

Assistant Attorney General

STATE OF _____)
COUNTY OF _____) ss:

On the ____ day of _____, 198__, personally appeared
before me _____ and _____ who
being by me duly sworn did say that he/she, the said _____

_____ is the _____ of _____
_____ and said _____ is
the _____ of _____

and said instrument was signed in behalf of said corporation by
authority of its bylaws or a resolution of its board of directors
and said _____ and _____ duly
acknowledged to me that said corporation executed the same.

Chairman
Board of Oil, Gas and Mining

Date

By _____
Gregory P. Williams

APPROVED AS TO FORM:

Assistant Attorney General

STATE OF _____)
COUNTY OF _____) ss:

On the ____ day of _____, 198__, personally appeared
before me _____ and _____ who
being by me duly sworn did say that he/she, the said _____

_____ is the _____ of _____
_____ and said _____ is
the _____ of _____

and said instrument was signed in behalf of said corporation by
authority of its bylaws or a resolution of its board of directors
and said _____ and _____ duly
acknowledged to me that said corporation executed the same.

Notary Public
Residing at: _____

My Commission Expires:

STATE OF _____)
COUNTY OF _____) ss:

On the ____ day of _____, 198__, personally appeared before me Gregory P. Williams, Esq., who being by me duly sworn did say for him, that he, the said Gregory P. Williams is the Chairman of the Board of Oil, Gas and Mining, Department of Natural Resources, state of Utah, and he duly acknowledged to me that said Board executed the foregoing document by authority of law on behalf of the state of Utah.

Notary Public
Residing at: _____

My Commission Expires:

0433R-1-7